

19 August 2008

Mr Scott Flynn
Kenlynn Properties Australia Pty Ltd
Commercial Office 3, Adnama Apartments
246 Arthur Street
Newstead QLD 4006

Dear Scott

'Theodore Apartments' 40 Ramsgate Street, Kelvin Grove QLD 4059

We refer to the proposed development of the above property and your request for advice in respect of the 'As If Complete' value of the proposed 69 unit development known as 'Theodore Apartments'.

We confirm that the basis of value adopted is market value for sale purposes and we note that approval of an amended plan has now been granted to develop 69 units. We have perused the proposed plans, undertaken various enquiries and now report as detailed in the balance of this document.

Location

- Suburb: Kelvin Grove, an inner city northern suburb of Brisbane.
- Situation: South eastern corner of Ramsgate and Carraway Streets.
- Location: Approximately 2 kilometres north west of Brisbane's Central Business District. The site is located within the Kelvin Grove Urban Village in close proximity to the "Creative Industries Precinct" (La Boite Theatre), the "Village Centre" retail precinct and QUT facilities.
- Surrounds: Surrounding development comprises the "Village Centre" residential and retail hub, vacant allotments to the west, and north of the subject, with medium rise residential unit developments (Brisbane Housing Corporation) to the south east. A landscaped "green zone" buffer with pathway exists between the northern boundary of the subject and Carraway Street.

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The following map indicates the position of the subject property within Kelvin Grove:



Proposed Development

The approved plans for the proposed development comprise an 8 level residential development housing 69 units with an additional two levels of basement car parking for 86 vehicles. The development also consists of a gymnasium, swimming pool, spa and BBQ area on the ground floor.

The 69 units will comprise 17 one bedroom, 45 two bedroom and 7 three bedroom units.

The units typically comprise a master bedroom with walk in robe and ensuite, kitchen, living/dining area, and an outdoor courtyard/balcony.

We have estimated that units located on the eastern side of the building, on floors 4 and above, will receive views to the Brisbane CBD.

Vehicular access to the proposed development is off Maidstone Street in the south eastern corner of the site, whilst the main entrance to the development is from Ramsgate Street on the property's western boundary.

We enclose herewith a copy of the revised plans indicating the layout of the proposed development (Appendices).

Market Commentary

The Kelvin Grove Urban village is a master planned community comprised of land formerly known as the Gona Army Barracks. Released by the Queensland Government, the site is contained within the "Kelvin Grove Urban Village" local plan having a specific range of uses and intent.

The precinct is currently seeing large amounts of development in the form of residential apartment complexes, office development, retail and restaurants, cultural/ performing arts centres and green spaces

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designed to complement the surrounding Queensland University of Technology and the Victoria Park Golf Course.

The "Village Centre" forms the unofficial hub of the development providing strip retail, a Woolworths supermarket as well as 213 residential units. Two towers of affordable housing have been completed recently with a 9 storey seniors accommodation development proposed for Lot 9 as well as a 7 storey apartment development providing 49 units planned for Lot 8. The "Synergy" office development is also due to commence and will provide approximately 14,000 square metres of office and retail accommodation. A student accommodation project is also approved for the precinct.

At present it would appear that demand from both investor and owner occupier markets for unit projects in the area remains strong.

Competing Developments

In order to assess the market value of the proposed development, we have considered a cross section of sales in competing developments, such as "The Mill", "The Village Centre", "Paragon on Arthur", SW1 and Iceworks.

Valuation Rationale

Based on the available evidence and having regard to the characteristics of the proposed development, we conclude that the table overleaf is representative of the market value of the proposed units 'as if complete':

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CONFIGURATION & VALUATION

| Unit | Level | Type | Aspect | Beds | Bath | Car | Internal | External | Total | Value | Rate Int. | Rate Total |
|------|-------|------|--------|------|------|-----|----------|----------|-------|-----------|-----------|------------|
| 1 | 1 | A | N | 2 | 2 | 2T | 77.0 | 45.0 | 122.0 | \$670,000 | \$8,701 | \$5,492 |
| 2 | 1 | B | N | 2 | 2 | 1 | 75.0 | 32.0 | 107.0 | \$565,000 | \$7,533 | \$5,280 |
| 3 | 1 | B | N | 2 | 2 | 1 | 75.0 | 32.0 | 107.0 | \$565,000 | \$7,533 | \$5,280 |
| 4 | 1 | B | N | 2 | 2 | 1 | 75.0 | 32.0 | 107.0 | \$565,000 | \$7,533 | \$5,280 |
| 5 | 1 | C | N | 1 | 1 | 1 | 59.0 | 44.0 | 103.0 | \$430,000 | \$7,288 | \$4,175 |
| 6 | 1 | D | E | 1 | 1 | 1 | 59.0 | 49.0 | 108.0 | \$430,000 | \$7,288 | \$3,981 |
| 7 | 1 | E | S | 2 | 2 | 1 | 73.0 | 104.0 | 177.0 | \$560,000 | \$7,671 | \$3,164 |
| 8 | 1 | H | S | 1 | 1 | 1 | 53.0 | 18.0 | 71.0 | \$425,000 | \$8,019 | \$5,986 |
| 9 | 1 | G | S/W | 2 | 1 | 1 | 60.0 | 49.0 | 109.0 | \$495,000 | \$8,250 | \$4,541 |
| 10 | 2 | A | NW | 2 | 2 | 1 | 83.0 | 29.0 | 112.0 | \$575,000 | \$6,928 | \$5,134 |
| 11 | 2 | B | N | 2 | 2 | 1 | 75.0 | 20.0 | 95.0 | \$560,000 | \$7,467 | \$5,895 |
| 12 | 2 | B | N | 2 | 2 | 1 | 75.0 | 20.0 | 95.0 | \$560,000 | \$7,467 | \$5,895 |
| 13 | 2 | B | N | 2 | 2 | 1 | 75.0 | 20.0 | 95.0 | \$560,000 | \$7,467 | \$5,895 |
| 14 | 2 | C | N | 1 | 1 | 1 | 59.0 | 27.0 | 86.0 | \$430,000 | \$7,288 | \$5,000 |
| 15 | 2 | D | S | 1 | 1 | 1 | 59.0 | 24.0 | 83.0 | \$430,000 | \$7,288 | \$5,181 |
| 16 | 2 | E | S | 2 | 2 | 1 | 73.0 | 22.0 | 95.0 | \$550,000 | \$7,534 | \$5,789 |
| 17 | 2 | E | S | 2 | 2 | 1 | 73.0 | 27.0 | 100.0 | \$550,000 | \$7,534 | \$5,500 |
| 18 | 2 | F | W | 3 | 2 | 1 | 103.0 | 16.0 | 119.0 | \$670,000 | \$6,505 | \$5,630 |
| 19 | 3 | A | NW | 2 | 2 | 1 | 83.0 | 29.0 | 112.0 | \$585,000 | \$7,048 | \$5,223 |
| 20 | 3 | B | N | 2 | 2 | 1 | 75.0 | 20.0 | 95.0 | \$570,000 | \$7,600 | \$6,000 |
| 21 | 3 | B | N | 2 | 2 | 1 | 75.0 | 20.0 | 95.0 | \$570,000 | \$7,600 | \$6,000 |
| 22 | 3 | B | N | 2 | 2 | 1 | 75.0 | 20.0 | 95.0 | \$570,000 | \$7,600 | \$6,000 |
| 23 | 3 | C | N | 1 | 1 | 1 | 59.0 | 27.0 | 86.0 | \$430,000 | \$7,288 | \$5,000 |
| 24 | 3 | D | S | 1 | 1 | 1 | 59.0 | 24.0 | 83.0 | \$430,000 | \$7,288 | \$5,181 |
| 25 | 3 | E | S | 2 | 2 | 1 | 73.0 | 22.0 | 95.0 | \$560,000 | \$7,671 | \$5,895 |
| 26 | 3 | E | S | 2 | 2 | 1 | 73.0 | 27.0 | 100.0 | \$560,000 | \$7,671 | \$5,600 |
| 27 | 3 | F | W | 3 | 2 | 1 | 103.0 | 16.0 | 119.0 | \$680,000 | \$6,602 | \$5,714 |
| 28 | 4 | A | NW | 2 | 2 | 1 | 83.0 | 29.0 | 112.0 | \$595,000 | \$7,169 | \$5,313 |
| 29 | 4 | B | N | 2 | 2 | 1 | 75.0 | 20.0 | 95.0 | \$580,000 | \$7,733 | \$6,105 |
| 30 | 4 | B | N | 2 | 2 | 1 | 75.0 | 20.0 | 95.0 | \$580,000 | \$7,733 | \$6,105 |
| 31 | 4 | B | N | 2 | 2 | 1 | 75.0 | 20.0 | 95.0 | \$580,000 | \$7,733 | \$6,105 |
| 32 | 4 | C | N | 1 | 1 | 1 | 59.0 | 27.0 | 86.0 | \$430,000 | \$7,288 | \$5,000 |
| 33 | 4 | D | S | 1 | 1 | 1 | 59.0 | 24.0 | 83.0 | \$430,000 | \$7,288 | \$5,181 |
| 34 | 4 | E | S | 2 | 2 | 1 | 73.0 | 22.0 | 95.0 | \$570,000 | \$7,808 | \$6,000 |
| 35 | 4 | E | S | 2 | 2 | 1 | 73.0 | 27.0 | 100.0 | \$570,000 | \$7,808 | \$5,700 |
| 36 | 4 | F | W | 3 | 2 | 2T | 103.0 | 16.0 | 119.0 | \$690,000 | \$6,699 | \$5,798 |
| 37 | 5 | A | NW | 2 | 2 | 1 | 83.0 | 29.0 | 112.0 | \$605,000 | \$7,289 | \$5,402 |
| 38 | 5 | B | N | 2 | 2 | 1 | 75.0 | 20.0 | 95.0 | \$590,000 | \$7,867 | \$6,211 |
| 39 | 5 | B | N | 2 | 2 | 1 | 75.0 | 20.0 | 95.0 | \$590,000 | \$7,867 | \$6,211 |
| 40 | 5 | B | N | 2 | 2 | 1 | 75.0 | 20.0 | 95.0 | \$590,000 | \$7,867 | \$6,211 |
| 41 | 5 | C | N | 1 | 1 | 1 | 59.0 | 27.0 | 86.0 | \$435,000 | \$7,373 | \$5,058 |
| 42 | 5 | D | S | 1 | 1 | 1 | 59.0 | 24.0 | 83.0 | \$435,000 | \$7,373 | \$5,241 |
| 43 | 5 | E | S | 2 | 2 | 1 | 73.0 | 22.0 | 95.0 | \$590,000 | \$8,082 | \$6,211 |
| 44 | 5 | E | S | 2 | 2 | 1 | 73.0 | 27.0 | 100.0 | \$580,000 | \$7,945 | \$5,800 |
| 45 | 5 | F | W | 3 | 2 | 2T | 103.0 | 16.0 | 119.0 | \$700,000 | \$6,796 | \$5,882 |
| 46 | 6 | A | NW | 2 | 2 | 1 | 83.0 | 29.0 | 112.0 | \$615,000 | \$7,410 | \$5,491 |
| 47 | 6 | B | N | 2 | 2 | 1 | 75.0 | 20.0 | 95.0 | \$600,000 | \$8,000 | \$6,316 |
| 48 | 6 | B | N | 2 | 2 | 1 | 75.0 | 20.0 | 95.0 | \$600,000 | \$8,000 | \$6,316 |
| 49 | 6 | B | N | 2 | 2 | 1 | 75.0 | 20.0 | 95.0 | \$600,000 | \$8,000 | \$6,316 |

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CONFIGURATION & VALUATION

| Unit | Level | Type | Aspect | Beds | Bath | Car | Internal | External | Total | Value | Rate Int. | Rate Total |
|-----------|-------|------|--------|------|------|-----|----------------|----------------|----------------|-------------------|-----------|------------|
| 50 | 6 | C | N | 1 | 1 | 1 | 59.0 | 27.0 | 86.0 | \$440,000 | \$7,458 | \$5,116 |
| 51 | 6 | D | S | 1 | 1 | 1 | 59.0 | 24.0 | 83.0 | \$440,000 | \$7,458 | \$5,301 |
| 52 | 6 | E | S | 2 | 2 | 1 | 73.0 | 22.0 | 95.0 | \$600,000 | \$8,219 | \$6,316 |
| 53 | 6 | E | S | 2 | 2 | 1 | 73.0 | 27.0 | 100.0 | \$590,000 | \$8,082 | \$5,900 |
| 54 | 6 | F | W | 3 | 2 | 2T | 103.0 | 16.0 | 119.0 | \$710,000 | \$6,893 | \$5,966 |
| 55 | 7 | A | NW | 2 | 2 | 1 | 83.0 | 29.0 | 112.0 | \$625,000 | \$7,530 | \$5,580 |
| 56 | 7 | B | N | 2 | 2 | 1 | 75.0 | 20.0 | 95.0 | \$610,000 | \$8,133 | \$6,421 |
| 57 | 7 | B | N | 2 | 2 | 1 | 75.0 | 20.0 | 95.0 | \$610,000 | \$8,133 | \$6,421 |
| 58 | 7 | B | N | 2 | 2 | 1 | 75.0 | 20.0 | 95.0 | \$610,000 | \$8,133 | \$6,421 |
| 59 | 7 | C | N | 1 | 1 | 1 | 59.0 | 27.0 | 86.0 | \$445,000 | \$7,542 | \$5,174 |
| 60 | 7 | D | S | 1 | 1 | 1 | 59.0 | 24.0 | 83.0 | \$445,000 | \$7,542 | \$5,361 |
| 61 | 7 | E | S | 2 | 2 | 1 | 73.0 | 22.0 | 95.0 | \$610,000 | \$8,356 | \$6,421 |
| 62 | 7 | E | S | 2 | 2 | 1 | 73.0 | 27.0 | 100.0 | \$600,000 | \$8,219 | \$6,000 |
| 63 | 7 | F | W | 3 | 2 | 2T | 103.0 | 16.0 | 119.0 | \$720,000 | \$6,990 | \$6,050 |
| 64 | 8 | I | N | 3 | 2 | 2T | 98.0 | 20.0 | 118.0 | \$800,000 | \$8,163 | \$6,780 |
| 65 | 8 | B | N | 2 | 2 | 1 | 75.0 | 20.0 | 95.0 | \$620,000 | \$8,267 | \$6,526 |
| 66 | 8 | B | N | 2 | 2 | 1 | 75.0 | 20.0 | 95.0 | \$620,000 | \$8,267 | \$6,526 |
| 67 | 8 | C | N | 1 | 1 | 1 | 59.0 | 27.0 | 86.0 | \$450,000 | \$7,627 | \$5,233 |
| 68 | 8 | D | S | 1 | 1 | 1 | 59.0 | 24.0 | 83.0 | \$450,000 | \$7,627 | \$5,422 |
| 69 | 8 | E | S | 2 | 2 | 1 | 73.0 | 22.0 | 95.0 | \$620,000 | \$8,493 | \$6,526 |
| 69 | | | | | | | 5,095.0 | 1,768.0 | 6,863.0 | 38,715,000 | | |
| | | | | | | | | | Average: | 561,087 | 7,599 | 5,641 |

CONFIGURATION & VALUATION - SUMMARY

| Gross Realisation | No. | Int | Ext | Total | Valuation | | | |
|-------------------|-----------|----------------|----------------|----------------|-------------------|----------------|----------------|----------------|
| | | | | | Total | Average | \$psm Int. | \$psm |
| 1 Bedroom | 17 | 58.6 | 27.5 | 86.2 | 7,405,000 | 435,588 | 7,427 | 5,055 |
| 2 Bedroom | 45 | 75.2 | 26.3 | 101.5 | 26,340,000 | 585,333 | 7,788 | 5,769 |
| 3 Bedroom | 7 | 102.3 | 16.6 | 118.9 | 4,970,000 | 710,000 | 6,941 | 5,974 |
| Summary | 69 | 5,095.0 | 1,768.0 | 6,863.0 | 38,715,000 | 561,087 | \$7,599 | \$5,641 |

We state that this report is for the use only of the party to whom it is addressed and for no other purpose, and no responsibility is accepted to any third party for the whole or part of its contents. Finally, neither the whole nor any part of this report shall be printed or published in any circular, document or publication without first obtaining our approval of the form and context in which it is to appear.

If we can be of any further assistance, please do not hesitate to contact the writer on his direct line of 07 3833 9819.

Yours sincerely
CB Richard Ellis (C) Pty Ltd



Dennis Morgan AAPI
Registered Valuer No. 2354
Director - Valuation & Advisory Service